

Adopted	Rejected
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## COMMITTEE REPORT

YES:	13
NO:	0

### MR. SPEAKER:

*Your Committee on Technology, Research and Development, to which was referred House Bill 1789, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill **be amended** as follows:*

- 1 Delete the title and insert the following:
- 2 A BILL FOR AN ACT to amend the Indiana Code concerning state
- 3 and local administration.
- 4 Page 1, between the enacting clause and line 1, begin a new
- 5 paragraph and insert the following:
- 6 "SECTION 1. IC 4-4-30-8, AS ADDED BY P.L.159-2002,
- 7 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 8 JULY 1, 2003]: Sec. 8. (a) The coal technology research fund is
- 9 established to provide money for the center for coal technology
- 10 research and for the director to carry out the duties specified under this
- 11 chapter. The budget agency shall administer the fund.
- 12 (b) The fund consists of the following:
- 13 (1) Money appropriated **or otherwise designated** by the general
- 14 assembly.
- 15 (2) Gifts, grants, and bequests.
- 16 (c) The treasurer of state shall invest the money in the fund not

currently needed to meet the obligations of the fund in the same manner as the treasurer may invest other public funds.

(d) Money in the fund at the end of a state fiscal year does not revert to the state general fund."

Page 1, line 8, after "companies" insert **"to support access to technology for existing businesses"**.

Page 2, line 5, delete "fifteen percent (15%)" and insert **"twenty-five percent (25%)"**.

Page 2, between lines 12 and 13, begin a new paragraph and insert:  
**"(f) Money deposited in the fund under subsection (c) shall be distributed as follows:**

**(1) Fifty percent (50%) for grants under subsection (a)(1).**

**(2) Ten percent (10%) for grants under subsection (a)(2).**

**(3) Twenty percent (20%) for grants under subsection (a)(3).**

**(4) Ten percent (10%) for grants under subsection (a)(4).**

**(5) Ten percent (10%) for grants under subsection (a)(5).**

SECTION 2. IC 4-12-10-4, AS ADDED BY P.L.26-2001, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 4. (a) The budget agency, after review by the budget committee, shall **enter into an agreement with the department of commerce** to do the following:

(1) Review, prioritize, and approve or disapprove proposals for centers.

(2) Create detailed application procedures and selection criteria for center proposals. These criteria may include the following:

(A) Geographical proximity to and partnership agreement with an Indiana public or private university.

(B) Proposed local contributions to the center.

(C) Minimum standards and features for the physical facilities of a center, including telecommunications infrastructure.

(D) The minimum support services, both technical and financial, that must be provided by the centers.

(E) Guidelines for selecting entities that may participate in the center.

(3) Develop performance measures and reporting requirements for the centers.

(4) Monitor the effectiveness of each center and report its findings to the governor, **the budget agency**, and the budget committee

before October 1 of each even-numbered year.

~~(5) Contract with Purdue University for any staff support necessary for the budget agency to carry out this chapter.~~

~~(6)~~ (5) Approve a regional technology center only if the center agrees to do all of the following:

(A) Nurture the development and expansion of high technology ventures that have the potential to become high growth businesses.

(B) Increase high technology employment in Indiana.

(C) Stimulate the flow of new venture capital necessary to support the growth of high technology businesses in Indiana.

(D) Expand workforce education and training for highly skilled, high technology jobs.

(E) Affiliate with an Indiana public or private university and be located in close proximity to a university campus.

(F) Be a party to a written agreement among:

(i) the affiliated university;

(ii) the city or town in which the proposed center is located, or the county in which the proposed center is located if the center is not located in a city or town;

(iii) Purdue University, for technical and personnel training support; and

(iv) any other affiliated entities;

that outlines the responsibilities of each party.

(G) Establish a debt free physical structure designed to accommodate research and technology ventures.

(H) Provide support services, including business planning, management recruitment, legal services, securing of seed capital marketing, and mentor identification.

(I) Establish a commitment of local resources that is at least equal to the money provided from the fund for the physical facilities of the center.

(b) The ~~budget agency~~ **department of commerce** may not approve more than five (5) regional technology centers in any biennium.

**(c) The budget agency shall contract with Purdue University:**

**(1) for any support staff necessary for the budget agency to provide grants under section 3(a)(3) and 3(a)(4) of this chapter; and**

(2) to provide services under section 7 of this chapter.

SECTION 3. IC 4-12-10-6, AS ADDED BY P.L.26-2001, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 6. (a) If a center is approved by the ~~budget agency;~~ **department of commerce**, the budget agency shall allocate from available appropriations the money authorized to:

(1) subsidize construction or rehabilitation of the physical facilities; and

(2) cover operating costs, not to exceed two hundred fifty thousand dollars (\$250,000) each year, until the center is self-sustaining or has identified another source of operating money or the amount appropriated for this purpose is exhausted.

(b) Operating costs may not be supported by the fund for any center for more than four (4) years."

Page 2, line 18, delete "The budget".

Page 2, line 19, delete "agency shall administer the account."

Page 2, line 27, delete "collected from vending" and insert **"designated under IC 6-2.5-7.5-11"**.

Page 2, line 28, delete "machine items under IC 6-2.5-7.5".

Page 2, line 36, delete "appropriated" and insert **"dedicated"**.

Page 2, line 38, delete "Thirty-five percent (35%)" and insert **"Twenty-three percent (23%)"**.

Page 2, line 40, delete "IC 22-4.1-7;" and insert **"IC 22-4.1-8."**

Page 2, line 41, delete "Ten percent (10%)" and insert **"Nine percent (9%)"**.

Page 2, line 42, delete ";" and insert ".".

Page 3, line 1, delete "Fifteen percent (15%)" and insert **"Twenty-five percent (25%)"**.

Page 3, line 2, delete ";" and insert ".".

Page 3, line 3, delete "Ten percent (10%)" and insert **"Nine percent (9%)"**.

Page 3, line 4, delete ";" and insert ".".

Page 3, line 5, delete "Fifteen percent (15%)" and insert **"Nine percent (9%)"**.

Page 3, line 6, delete ";" and insert ".".

Page 3, line 8, delete "; and" and insert ".".

Page 3, line 10, delete "IC 20-10.1-25.4." and insert **"IC 22-4.1-9."**

Page 3, between lines 10 and 11, begin a new line block indented

1 and insert:

2 **"(8) Five percent (5%) to fund the scientific instrument**  
 3 **project within the department of education.**

4 **(9) Three percent (3%) to fund the clean manufacturing**  
 5 **income tax credit under IC 6-3.1-28.**

6 **(10) Two percent (2%) to fund the coal technology research**  
 7 **fund under IC 4-4-30-8."**

8 Page 3, delete lines 18 through 22, begin a new paragraph and  
 9 insert:

10 "SECTION 3. IC 6-1.1-3-8 IS AMENDED TO READ AS  
 11 FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 8. (a) The owner of a  
 12 vending machine shall place on the face of the machine an  
 13 ~~identification~~ **identification** device ~~which that~~:

14 **(1) is at least two (2) inches by three (3) inches; and**

15 **(2) accurately reveals the following information:**

16 **(A) The owner's name and address. and he**

17 **(B) The following information about the retail merchant**  
 18 **who is liable for collecting state gross retail tax on the sale**  
 19 **of tangible personal property through the vending**  
 20 **machine:**

21 **(i) Name.**

22 **(ii) Address.**

23 **(iii) Telephone number.**

24 **(iv) All the retail merchant's certificate numbers.**

25 **(b) The owner shall include the vending machine in his the**  
 26 **owner's annual personal property return.**

27 ~~(b)~~ **(c) If an owner intentionally fails to display an identification**  
 28 **device on a vending machine under this section, the department of**  
 29 **state revenue may do either or both of the following:**

30 **(1) Seize and confiscate the vending machine.**

31 **(2) Impose a civil penalty of not less than one thousand dollars**  
 32 **(\$1,000) and not more than two thousand dollars (\$2,000).**

33 **Each vending machine on which an owner intentionally fails to**  
 34 **display an identification device constitutes a separate offense for**  
 35 **purposes of this subsection.**

36 **(d) For purposes of this section, the term "vending machine" means**  
 37 **a machine which dispenses goods, wares, or merchandise when a coin**  
 38 **is deposited in it and which by automatic action can physically deliver**

goods, wares, or merchandise to the depositor of the coin: **has the meaning set forth in IC 6-2.5-7.5-4."**

Page 3, between lines 34 and 35, begin a new paragraph and insert:

"SECTION 5. IC 6-2.5-6-10, AS AMENDED BY P.L.192-2002(ss), SECTION 62, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 10. (a) In order to compensate retail merchants for collecting and timely remitting the state gross retail tax and the state use tax, every retail merchant, except a retail merchant referred to in subsection (c), is entitled to deduct and retain from the amount of those taxes otherwise required to be remitted under IC 6-2.5-7-5, **IC 6-2.5-7.5-7**, or ~~under~~ this chapter, if timely remitted, a retail merchant's collection allowance.

(b) The allowance equals eighty-three hundredths percent (0.83%) of the retail merchant's state gross retail and use tax liability accrued during a reporting period.

(c) A retail merchant described in IC 6-2.5-4-5 or IC 6-2.5-4-6 is not entitled to the allowance provided by this section."

Page 3, line 37, delete "UPON PASSAGE]:" and insert "JULY 1, 2003]:".

Page 3, delete lines 40 through 42, begin a new paragraph and insert:

**"Sec. 1. This chapter applies only to retail transactions involving tangible personal property, other than:**

**(1) cigarettes (as defined in IC 6-7-1-2); or**

**(2) cigars and other tobacco products (as defined in IC 6-7-2-5);**

**acquired for resale from a vending machine or sold from a vending machine.**

**Sec. 2. As used in this chapter, "gross receipts" means the product of:**

**(1) the net invoice price paid during a reporting period by a vending machine operator; multiplied by**

**(2) one hundred twenty percent (120%).**

**Sec. 3. As used in this chapter, "net invoice price" means the difference between:**

**(1) the cost, including freight, of tangible personal property acquired for resale from a vending machine or sold from a vending machine; minus**

1           (2) any timely payment discount.

2           **Sec. 4.** As used in this chapter, "vending machine" means a  
3           mechanical or electronic device or a receptacle designed to:

4           (1) receive a coin or currency; and

5           (2) dispense tangible personal property in return for the  
6           insertion or deposit of the coin or currency.

7           **Sec. 5.** As used in this chapter, "vending machine operator"  
8           means a retail merchant who is liable for collecting state gross  
9           retail tax on the sale of tangible personal property through a  
10          vending machine.

11          **Sec. 6.** This chapter applies to taxable years beginning after  
12          December 31, 2003.

13          **Sec. 7.** A vending machine operator shall pay to the department  
14          the state gross retail tax collectible from retail transactions  
15          involving the sale of tangible personal property through a vending  
16          machine.

17          **Sec. 8.** The amount that a vending machine operator shall pay  
18          to the department for a particular reporting period is the amount  
19          equal to the product of:

20          (1) six percent (6%); multiplied by

21          (2) the gross receipts of the vending machine operator for the  
22          reporting period.

23          **Sec. 9.** The amount determined under section 8 of this chapter  
24          is a vending machine operator's state gross retail tax liability  
25          regardless of the amount of state gross retail tax the vending  
26          machine operator actually collects.

27          **Sec. 10.** No allowance for spoiled, damaged, or otherwise unsold  
28          tangible personal property shall be allowed against a vending  
29          machine operator's state gross retail tax liability, other than for  
30          returns by the vending machine operator to the distributor that are  
31          evidenced by an invoice credit or other written indication that the  
32          distributor has received the tangible personal property and  
33          credited or refunded the amount of the gross receipts paid or  
34          payable for the tangible personal property.

35          **Sec. 11.** The department shall account for all state gross retail  
36          taxes that are prepaid under this chapter as follows:

37          (1) The department shall designate an amount equal to the  
38          difference between:

- 1 (A) the amount paid during a reporting period under this
- 2 chapter; minus
- 3 (B) the product of:
- 4 (i) the amount of taxes collected on retail transactions
- 5 involving the sale of tangible personal property through
- 6 a vending machine during the same reporting period in
- 7 the calendar year beginning January 1, 2002, and ending
- 8 December 31, 2002; multiplied by
- 9 (ii) the most current inflation adjustment factor, as
- 10 determined by the Consumer Price Index for all Urban
- 11 Consumers, as published by the United States Bureau of
- 12 Labor Statistics;
- 13 to the state technology advancement and retention account
- 14 under IC 4-12-11-1.
- 15 (2) The department shall deposit the remainder according to
- 16 IC 6-2.5-10-1.
- 17 **Sec. 12. A vending machine operator shall file a return for each**
- 18 **reporting period and pay the state gross retail tax liability for that**
- 19 **reporting period in the manner and on a form prescribed by the**
- 20 **department.**
- 21 **Sec. 13. The department may adopt rules under IC 4-22-2 to**
- 22 **implement this chapter.**
- 23 **SECTION 6. IC 6-2.5-8-12 IS ADDED TO THE INDIANA CODE**
- 24 **AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE**
- 25 **UPON PASSAGE]: Sec. 12. (a) This section applies to a person that**
- 26 **owns or operates a vending machine (as defined in IC 6-2.5-7.5-4).**
- 27 **(b) Not later than August 15 of each year, each person shall**
- 28 **submit the following information to the department on a form**
- 29 **prescribed by the department:**
- 30 **(1) The person's name.**
- 31 **(2) The person's business address.**
- 32 **(3) The person's business telephone number.**
- 33 **(4) All Indiana addresses at which the person maintains**
- 34 **business offices.**
- 35 **(5) If the person is a corporation or other business entity, the**
- 36 **name of an officer or director on whom legal process may be**
- 37 **served.**
- 38 **(6) An approximate number of the person's vending machines**



- 1           **that are owned or operated in Indiana.**
- 2           **(7) The name of all retail merchants who are liable for**
- 3           **collecting state gross retail tax on the sale of tangible personal**
- 4           **property through the person's vending machines.**
- 5           **(8) Any other information the department determines is**
- 6           **necessary."**
- 7           Delete page 4.
- 8           Page 5, delete lines 1 through 15.
- 9           Page 5, delete line 18 and insert "JULY 1, 2003]:".
- 10          Page 6, line 9, after "(a)" insert **"This chapter applies to taxable**
- 11          **years beginning after December 31, 2003.**
- 12          **(b)".**
- 13          Page 6, line 17, delete "(b)" and insert "(c)".
- 14          Page 6, line 20, delete "(a)" and insert "(b)".
- 15          Page 6, line 22, delete "9(b)" and insert **"9(c)".**
- 16          Page 7, line 12, delete "ten percent (10%)" and insert **"nine percent**
- 17          **(9%)".**
- 18          Page 7, line 24, delete "JANUARY 1, 2004]:" and insert "JULY 1,
- 19          2003]:".
- 20          Page 7, line 29, delete "IC 22-4.1-8-4." and insert **"IC 22-4.1-8-3."**
- 21          Page 8, line 16, delete "two (2)" and insert **"three (3)".**
- 22          Page 9, line 24, delete "thirty-five" and insert **"twenty-three".**
- 23          Page 9, line 25, delete "(35%)" and insert **"(23%)".**
- 24          Page 9, between lines 26 and 27, begin a new paragraph and insert:
- 25          "SECTION 8. IC 6-3.1-28 IS ADDED TO THE INDIANA CODE
- 26          AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
- 27          JULY 1, 2003]:
- 28               **Chapter 28. Clean Manufacturing Income Tax Credit**
- 29               **Sec. 1. As used in this chapter, "board" refers to the clean**
- 30               **manufacturing income tax credit board established by section 13**
- 31               **of this chapter.**
- 32               **Sec. 2. As used in this chapter, "clean manufacturing" has the**
- 33               **meaning set forth in IC 13-11-2-27.6.**
- 34               **Sec. 3. As used in this chapter, "clean manufacturing**
- 35               **investment" means an expenditure for any of the following:**
- 36                   **(1) Production process redesign (as defined in**
- 37                   **IC 13-27.5-3-2(2)(C)).**
- 38                   **(2) Operational improvement (as defined in**

1           **IC 13-27.5-3-2(2)(D)).**

2           **Sec. 4. As used in this chapter, "environmental waste" has the**  
 3 **meaning set forth in IC 13-11-2-72.**

4           **Sec. 5. As used in this chapter, "institute" refers to the Indiana**  
 5 **clean manufacturing technology and safe materials institute**  
 6 **established under IC 13-27.5-2.**

7           **Sec. 6. As used in this chapter, "manufacturing facility" means**  
 8 **a facility of a manufacturer (as defined in IC 13-11-2-126(b)).**

9           **Sec. 7. As used in this chapter, "material substitution" means:**  
 10           **(1) an input change (as defined in IC 13-27.5-3-2(2)(A)); or**  
 11           **(2) a product reformulation (as defined in**  
 12 **IC 13-27.5-3-2(2)(B)).**

13           **Sec. 8. As used in this chapter, "pass through entity" means:**  
 14           **(1) a corporation that is exempt from the adjusted gross**  
 15 **income tax under IC 6-3-2-2.8(2);**  
 16           **(2) a partnership;**  
 17           **(3) a limited liability company; or**  
 18           **(4) a limited liability partnership.**

19           **Sec. 9. As used in this chapter, "SIC manual" has the meaning**  
 20 **set forth in IC 6-3.1-10-2.5.**

21           **Sec. 10. As used in this chapter, "state tax liability" means the**  
 22 **taxpayer's total tax liability that is incurred under IC 6-3-1**  
 23 **through IC 6-3-7 (the adjusted gross income tax) as computed after**  
 24 **the application of the credits that under IC 6-3.1-1-2 are to be**  
 25 **applied before the credit provided by this chapter.**

26           **Sec. 11. As used in this chapter, "taxpayer" means any**  
 27 **individual, corporation, limited liability company, partnership, or**  
 28 **other entity that:**

29           **(1) has any state tax liability; and**  
 30           **(2) operates at least one (1) manufacturing facility in Indiana**  
 31 **under standard industrial classification codes 20 through 39**  
 32 **in the SIC manual.**

33           **Sec. 12. (a) As used in this chapter, "toxic material" has the**  
 34 **meaning set forth in IC 13-11-2-233.**

35           **(b) For purposes of this chapter, the list of toxic materials may**  
 36 **be updated periodically by the institute in consultation with the**  
 37 **commissioner of the department of environmental management**  
 38 **based on information provided by:**

- 1           (1) the United States Environmental Protection Agency;
- 2           (2) a professional industrial hygiene association; or
- 3           (3) the United States Occupational Safety and Health
- 4           Administration.

5           **Sec. 13. (a) The clean manufacturing income tax credit board is**  
 6           **established. The board consists of the following six (6) members:**

- 7           (1) The director of the institute or the director's designee.
- 8           (2) The commissioner of the department of environmental
- 9           management or the commissioner's designee.
- 10          (3) The director of the department of commerce or the
- 11          director's designee.
- 12          (4) The director of the budget agency or the director's
- 13          designee.
- 14          (5) The commissioner of the department of state revenue or
- 15          the commissioner's designee.
- 16          (6) The chairperson of the clean manufacturing technology
- 17          board or the chairperson's designee.

18          (b) The director of the department of commerce or the  
 19          director's designee shall serve as chairperson of the board. Four (4)  
 20          members of the board constitute a quorum to transact and vote on  
 21          the business of the board. The board may take official action upon  
 22          the affirmative vote of a majority of the members present and  
 23          voting.

24          (c) The institute shall assist the board in carrying out the  
 25          board's duties under this chapter.

26          (d) Each member of the board is entitled to reimbursement for  
 27          traveling expenses as provided in IC 4-13-1-4 and other expenses  
 28          actually incurred in connection with the member's duties as  
 29          provided in the state policies and procedures established by the  
 30          Indiana department of administration and approved by the budget  
 31          agency.

32          **Sec. 14. The board may make credit awards under this chapter**  
 33          **to foster clean manufacturing at manufacturing facilities in**  
 34          **Indiana.**

35          **Sec. 15. (a) Subject to the conditions set forth in this chapter, a**  
 36          **taxpayer is entitled to a credit against the taxpayer's state tax**  
 37          **liability in a taxable year beginning after December 31, 2003, if the**  
 38          **taxpayer is awarded a credit by the board under this chapter for**

the taxable year in which the institute verifies either or both of the following:

(1) A qualified material substitution expense.

(2) A qualified clean manufacturing investment.

(b) Subject to sections 20(5) and 21(8) of this chapter, a credit awarded to a taxpayer under subsection (a) is limited to one (1) qualified material substitution expense and one (1) qualified clean manufacturing investment for each taxable year.

(c) The taxpayer must certify that a material substitution expense or a clean manufacturing investment for which a credit is awarded to a taxpayer under subsection (a) is:

(1) initiated voluntarily by the taxpayer; and

(2) not the result of an enforcement action, a negotiated settlement, or an order of a federal or state agency or court.

**Sec. 16. (a)** The maximum amount of the material substitution expense credit to which a taxpayer is entitled in a taxable year is equal to:

(1) the certified additional cost of purchasing a qualified material that is substituted for a toxic material; multiplied by

(2) thirty percent (30%).

(b) The maximum amount of the clean manufacturing investment credit to which a taxpayer is entitled in a taxable year is equal to the amount determined under STEP THREE of the following formula:

**STEP ONE:** Determine the certified cost of the qualified clean manufacturing investment.

**STEP TWO:** Multiply the STEP ONE amount by thirty percent (30%).

**STEP THREE:** Multiply the STEP TWO result by one (1) of the following, as specified by the taxpayer:

(A) The certified percentage by which the use of a toxic material is reduced by means of the clean manufacturing investment.

(B) The certified percentage by which the generation of an environmental waste is reduced by means of the clean manufacturing investment.

The taxpayer is eligible for the credit in the taxable year in which the production process redesign or operational improvement that

1 forms the basis of the clean manufacturing investment first  
 2 produces verifiable reductions in the use of toxic materials or the  
 3 generation of environmental waste.

4 Sec. 17. (a) Except as provided in subsection (b), a taxpayer is  
 5 not entitled to carry forward, carry back, or a refund of an unused  
 6 credit.

7 (b) If the amount of a clean manufacturing investment credit or  
 8 a material substitution expense credit for a taxpayer in a taxable  
 9 year exceeds the taxpayer's state tax liability for that taxable year,  
 10 the taxpayer may carry the excess over to not more than two (2)  
 11 taxable years. The amount of the credit carryover from a taxable  
 12 year shall be reduced to the extent that the carryover is used by the  
 13 taxpayer to obtain a credit under this chapter for a subsequent  
 14 taxable year.

15 Sec. 18. If a pass through entity does not have state income tax  
 16 liability against which the tax credit may be applied, a shareholder  
 17 or partner of the pass through entity is entitled to a tax credit equal  
 18 to:

- 19 (1) the tax credit determined for the pass through entity for
- 20 the taxable year; multiplied by
- 21 (2) the percentage of the pass through entity's distributive
- 22 income to which the shareholder or partner is entitled.

23 Sec. 19. To be entitled to a credit under this chapter, a taxpayer  
 24 must do the following:

- 25 (1) Make an expenditure for a qualifying activity.
- 26 (2) Request that the board certify:
  - 27 (A) the eligibility of the taxpayer for the credit;
  - 28 (B) a description of the activity or expense that is eligible
  - 29 for the credit;
  - 30 (C) the amount of the expenditure that is eligible for the
  - 31 credit; and
  - 32 (D) for a clean manufacturing investment credit, the
  - 33 percentage of:
    - 34 (i) environmental waste; or
    - 35 (ii) a toxic material;
  - 36 reduced by means of the clean manufacturing investment;
  - 37 on forms and in the manner provided by this chapter.
- 38 (3) Claim the credit under section 22 of this chapter.

1 (4) Be allotted a share of the maximum statewide credit under  
2 section 24 of this chapter.

3 (5) Pay the institute an administrative fee established by the  
4 institute.

5 **Sec. 20.** The board shall certify that a taxpayer's expenditure is  
6 a qualified material substitution expense if the board determines  
7 that:

8 (1) before making the material substitution, the taxpayer  
9 obtained a verification from the institute that:

10 (A) the material substitution is nontoxic or less toxic than  
11 the toxic material;

12 (B) the expenditure will reduce the use of the toxic material  
13 based on a measurement of the toxicity and amount of the  
14 toxic material reduced per unit of production under  
15 IC 13-27.5-2-5(c)(4) and IC 13-27.5-2-7 and in conformity  
16 with the guidelines established by the institute; and

17 (C) estimates the additional cost the taxpayer will incur to  
18 use a substitute material for the toxic material;

19 (2) the taxpayer made expenditures for the material  
20 substitution;

21 (3) the expenditures directly result from the additional costs  
22 of substituting a material for a toxic material in a specific  
23 production process at a manufacturing facility;

24 (4) the taxpayer applies to the board for the credit  
25 certification on a form prescribed by the board in  
26 consultation with the institute;

27 (5) the taxpayer has not received a certification under this  
28 section for the same material substitution project;

29 (6) the taxpayer pays the institute the administrative fee  
30 specified under section 19 of this chapter; and

31 (7) the taxpayer provides all information that the board, in  
32 consultation with the institute, determines is necessary for:

33 (A) the calculation of the qualified material substitution  
34 expense credit provided by this chapter; and

35 (B) the determination of whether an expenditure is a  
36 qualified material substitution expense.

37 **Sec. 21.** The board shall certify that a taxpayer's expenditure is  
38 a qualified clean manufacturing investment if the board determines

1       that:

2           (1) before the taxpayer implements a production process  
3       redesign or an operational improvement, the taxpayer obtains  
4       a verification from the institute that:

5           (A) the expenditure will reduce the use of a toxic material  
6       or reduce an environmental waste;

7           (B) estimates the percentage of reduction in the use of a  
8       toxic material or generation of environmental waste by  
9       means of clean manufacturing that will result; and

10          (C) estimates the cost the taxpayer will incur to implement  
11       production process redesign or operational improvement  
12       that will reduce:

13           (i) the use of a toxic material; or

14           (ii) the generation of an environmental waste.

15       based on a measurement of the toxicity and amount of toxic  
16       material or environmental waste reduced per unit of  
17       production under IC 13-27.5-2-5(c)(4) and IC 13-27.5-2-7 and  
18       in conformity with the guidelines set by the institute;

19       (2) the taxpayer makes expenditures for the clean  
20       manufacturing investment;

21       (3) the expenditures directly result from the production  
22       process redesign or operational improvement that:

23           (A) are directly used in a specific production process at a  
24       manufacturing facility; and

25           (B) reduce by means of a clean manufacturing investment:

26           (i) the use of a toxic material; or

27           (ii) the generation of an environmental waste;

28       as determined under the guidelines developed by the institute,  
29       which shall be based on a measurement of the toxicity and  
30       amount of toxic material or environmental waste reduced per  
31       unit of production under IC 13-27.5-2-5(c)(4) and  
32       IC 13-27.5-2-7;

33       (4) the taxpayer applies to the board for the credit  
34       certification on a form prescribed by the board in  
35       consultation with the institute after equipment related to the  
36       production process redesign or operational improvement at  
37       a manufacturing facility has become operational;

38       (5) the institute verifies the qualified percentage by which the

1 use of a toxic material or by which the generation of an  
 2 environmental waste has been reduced at an industrial facility  
 3 by means of a clean manufacturing investment;

4 (6) the taxpayer pays the institute the administrative fee  
 5 specified under section 19 of this chapter;

6 (7) the taxpayer provides all information that the board, in  
 7 consultation with the institute, determines is necessary for:

8 (A) the calculation of the clean manufacturing investment  
 9 credit expense provided by this chapter; and

10 (B) the determination of whether an expenditure is a  
 11 qualified clean manufacturing investment; and

12 (8) the taxpayer has not received a certification under this  
 13 section for the same clean manufacturing investment.

14 **Sec. 22.** A taxpayer claiming a credit under this chapter shall  
 15 submit to the department of state revenue a copy of the  
 16 certification of credit by the board under this chapter for the  
 17 taxable year. However, failure to submit a copy of the certification  
 18 does not invalidate a claim for credit.

19 **Sec. 23.** The board may audit any of the information required  
 20 under this chapter to claim a credit.

21 **Sec. 24. (a)** The amount of tax credits allowed under this chapter  
 22 may not exceed:

23 (1) six hundred thousand dollars (\$600,000) in a state fiscal  
 24 year; or

25 (2) twelve thousand dollars (\$12,000) in a taxable year for a  
 26 single taxpayer.

27 (b) The board shall record the time of filing of each application  
 28 for allowance of a credit under this chapter and shall approve the  
 29 applications, if the applications otherwise qualify for a tax credit  
 30 under this chapter, in the chronological order in which the  
 31 applications are filed in the state fiscal year.

32 (c) When the total credits approved under this section equal the  
 33 maximum amount allowable in a state fiscal year, an application  
 34 thereafter filed for that same fiscal year may not be approved.  
 35 However, if an application is received by the board after the  
 36 maximum allowable credits have been awarded for the state fiscal  
 37 year, the board may review the application for credit in a  
 38 subsequent state fiscal year up to the total maximum amount of the



1 credit allowable. The review of applications for credit in a  
 2 subsequent state fiscal year shall be made in the order in which the  
 3 applications are received by the institute."

4 Page 9, line 37, after "IC 22-1-1-1" insert ",".

5 Page 9, line 40, delete "is" and insert "are".

6 Page 10, line 4, delete "fifteen percent (15%)" and insert "**nine**  
 7 **percent (9%)**".

8 Page 10, delete lines 7 through 19.

9 Page 12, line 14, after "(a)" insert "**For purposes of this section,**  
 10 **"minority student" means a student who is a member of one (1) or**  
 11 **more of the following groups:**

12 (1) blacks;

13 (2) American Indians;

14 (3) Hispanics;

15 (4) Asian Americans; or

16 (5) other similar racial groups.

17 (b)".

18 Page 12, line 16, delete "for programs designed" and insert "**as**  
 19 **follows:**

20 (1) **Thirty-five percent (35%) for programs designed to**  
 21 **enhance training in technology advancement for minority**  
 22 **students.**

23 (2) **Sixty-five percent (65%) for generalized training**  
 24 **programs for minority students."**

25 Page 12, delete lines 17 through 18.

26 Page 12, line 19, delete "(b)" and insert "(c)".

27 Page 12, delete lines 21 through 23, begin a new paragraph and  
 28 insert:

29 **"(d) The total amount of grants awarded under this section in a**  
 30 **state fiscal year may not exceed nine percent (9%) of the amount**  
 31 **in the state technology advancement and retention account**  
 32 **established by IC 4-12-11-1."**

33 Page 12, delete line 35, begin a new paragraph and insert:

34 **"(c) The total amount of grants and contracts awarded under**  
 35 **this section in a state fiscal year may not exceed"**.

36 Page 14, delete lines 24 through 25.

37 Page 14, line 26, delete "3." and insert "**2.**".

38 Page 14, line 28, delete "4." and insert "**3.**".

- 1 Page 14, line 36, delete "5." and insert "**4.**".
- 2 Page 14, line 40, delete "6." and insert "**5.**".
- 3 Page 15, line 8, delete "7." and insert "**6.**".
- 4 Page 15, line 16, delete "6" and insert "**5**".
- 5 Page 15, line 18, delete "8." and insert "**7.**".
- 6 Page 15, line 36, delete "9." and insert "**8.**".
- 7 Page 15, line 38, delete "10 and 11" and insert "**9 and 10**".
- 8 Page 16, line 28, delete "10." and insert "**9.**".
- 9 Page 16, line 29, delete "9" and insert "**8**".
- 10 Page 17, line 11, delete "11." and insert "**10.**".
- 11 Page 17, line 13, delete "9" and insert "**8**".
- 12 Page 17, line 33, delete "12." and insert "**11.**".
- 13 Page 17, line 38, delete "13." and insert "**12.**".
- 14 Page 17, line 39, delete "9, 10, or 11" and insert "**8, 9, or 10**".
- 15 Page 18, line 4, delete "14." and insert "**13.**".
- 16 Page 18, line 6, delete "9, 10, or 11" and insert "**8, 9, or 10**".
- 17 Page 18, between lines 8 and 9, begin a new paragraph and insert:
- 18 "SECTION 17. IC 22-4.1-9 IS ADDED TO THE INDIANA CODE
- 19 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
- 20 JULY 1, 2003]:
- 21 **Chapter 9. Smart Partnership Grants**
- 22 **Sec. 1. The department shall establish guidelines for making**
- 23 **grants to the Indiana schools smart partnership, which is**
- 24 **established to create partnerships between schools and local**
- 25 **businesses to make the curriculum of math and science relevant to**
- 26 **the students.**
- 27 **Sec. 2. The total amount of grants awarded under this chapter**
- 28 **in a state fiscal year may not exceed five percent (5%) of the**
- 29 **amount in the state technology advancement and retention account**
- 30 **established by IC 4-12-11-1.**
- 31 **Sec. 3. The department may make grants to coordinating**
- 32 **organizations and participating schools."**
- 33 Page 18, line 13, delete "program;" and insert "**program**
- 34 **administered by Ball State University;**".
- 35 Page 18, line 14, delete "program;" and insert "**program**
- 36 **administered by the University of Southern Indiana;**".
- 37 Page 18, line 18, delete "JANUARY" and insert "JULY".
- 38 Page 18, line 19, delete "(RETROACTIVE)".

- 1 Run in lines 18 and 19.
- 2 Page 18, line 21, delete "2002." and insert "**2003.**".
- 3 Page 19, between lines 6 and 7, begin a new paragraph and insert:
- 4 "SECTION 20. [EFFECTIVE JULY 1, 2003] (a) **The legislative**
- 5 **council shall assign the clean manufacturing tax credit established**
- 6 **under IC 6-3.1-28, as added by this act, for audit and evaluation**
- 7 **under IC 2-5-21 during 2007.**
- 8 (b) **This SECTION expires July 1, 2008.**
- 9 SECTION 21. [EFFECTIVE JULY 1, 2003] (a) **The clean**
- 10 **manufacturing income tax credit board established by**
- 11 **IC 6-3.1-20-13, as added by this act, may not take action under**
- 12 **IC 6-3.1-20, as added by this act, before January 1, 2004.**
- 13 (b) **A taxpayer is entitled to a tax credit under IC 6-3.1-20, as**
- 14 **added by this act, for either:**
- 15 (1) **a qualified material substitution expense; or**
- 16 (2) **a qualified clean manufacturing investment;**
- 17 **or both, only to the extent that the qualified material substitution**
- 18 **expense is incurred after December 31, 2003, or the qualified clean**
- 19 **manufacturing investment is made after December 31, 2003."**
- 20 Renumber all SECTIONS consecutively.
- (Reference is to HB 1789 as introduced.)

**and when so amended that said bill do pass.**

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Representative Hasler